



Tuesday, February 9, 2021

TO: Senator Kasser, Senator Berthel, Representative Doucette, Representative Delnicki and Members of the Banking Committee

FROM: Bruce Adams, President & CEO – Credit Union League of Connecticut

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On behalf of Connecticut's 90 credit unions, I respectfully offer testimony on:

- **H.B. 5214 AN ACT REQUIRING MORTGAGE LENDERS AND MORTGAGE SERVICERS TO ACCEPT AND APPLY PARTIAL MORTGAGE PAYMENTS.**
- **H.B. 5609 AN ACT REQUIRING MORTGAGE COMPANIES TO RELEASE CERTAIN FUNDS TO HOMEOWNERS FOR THE REPAIR OF PROPERTY DAMAGE.**
- **H.B. 6369 AN ACT CONCERNING ISSUES RELATING TO MORTGAGES AND MECHANIC'S LIENS.**
- **H.B. 6372 AN ACT EXEMPTING FROM EXECUTION CERTAIN FUNDS IN A JUDGMENT DEBTOR'S ACCOUNT.**
- **S.B. 428 AN ACT CONCERNING THE ASSESSMENT OF INTEREST WITH RESPECT TO CREDIT CARD USE.**

Credit unions are not-for-profit financial cooperatives, democratically governed by their membership and not by outside investors. If any profits are made, they go back directly to the members of the credit union in the form of higher interest rates, lower rates on loans or to provide the members products or services they want from their credit union. In short, the profit stays with the customer and not the investor. The credit union mission is "people helping people" and to fulfill that charge they carefully balance the needs of the individual member with the total membership.

**H.B. 5214 AN ACT REQUIRING MORTGAGE LENDERS AND MORTGAGE SERVICERS TO ACCEPT AND APPLY PARTIAL MORTGAGE PAYMENTS.** We are concerned that passage of this bill could prove difficult to implement and lead to costly mistakes. Credit unions, banks, mortgage lenders and mortgage loan servicers are already subject to federal rules that govern the crediting of mortgage loan payments, including rules that require crediting a payment as of the date it is received. We are unsure that a such a state law requirement in this area is necessary but are willing to discuss this issue further.

**H.B. 5609 AN ACT REQUIRING MORTGAGE COMPANIES TO RELEASE CERTAIN FUNDS TO HOMEOWNERS FOR THE REPAIR OF PROPERTY DAMAGE.**

We have concerns that creating additional steps in releasing insurance claim funds directly to homeowners could lead to an additional potential for fraud to occur and therefore additional mortgage payment default risk. In addition, such a requirement may limit a financial institution's ability to market such loans to players in the secondary market, such as Fannie Mae and Freddie Mac who place strict restrictions on the loans they will acquire.

**H.B. 6369 AN ACT CONCERNING ISSUES RELATING TO MORTGAGES AND MECHANIC'S LIENS.**

We support the provision that simplifies the process for allowing property owners to substitute bonds for mechanic's liens without seeking judicial intervention. We have concerns that mandating a mortgagee to deliver the mortgage release to the town clerk and a certified copy of such release to the mortgagor may create unintended costs for filing and for certification of mailing releases.

**H.B. No. 6372 AN ACT EXEMPTING FROM EXECUTION CERTAIN FUNDS IN A JUDGMENT DEBTOR'S ACCOUNT.**

If passed, this bill would eliminate almost 50 years of legislative history and legal precedent based on a careful balancing of the rights of creditors and debtors concerning Connecticut post-judgment execution law. The current statutory post-judgment procedures largely reflect the work of a task force of stakeholders, including creditors, legal assistance attorneys, credit unions and banks, and sheriffs, under the guidance of the Connecticut Law Revision Commission beginning in 1981. This bill represents a major shift in state policy. Before we lend our support to any action to change this law, we ask to engage in deeper conversations with all stakeholders to fully understand all the implications and possible unintended consequences for credit unions.

**S.B. 428 AN ACT CONCERNING THE ASSESSMENT OF INTEREST WITH RESPECT TO CREDIT**

**CARD USE.** We have concerns that this bill would put some credit unions at a disadvantage to other financial intuitions. The smallest Connecticut credit unions may opt to abandon credit card companies due to additional compliance expenses, which puts their members at a disadvantage to competitive products and services that they receive from a financial institution they trust.

Respectfully submitted,

Bruce Adams